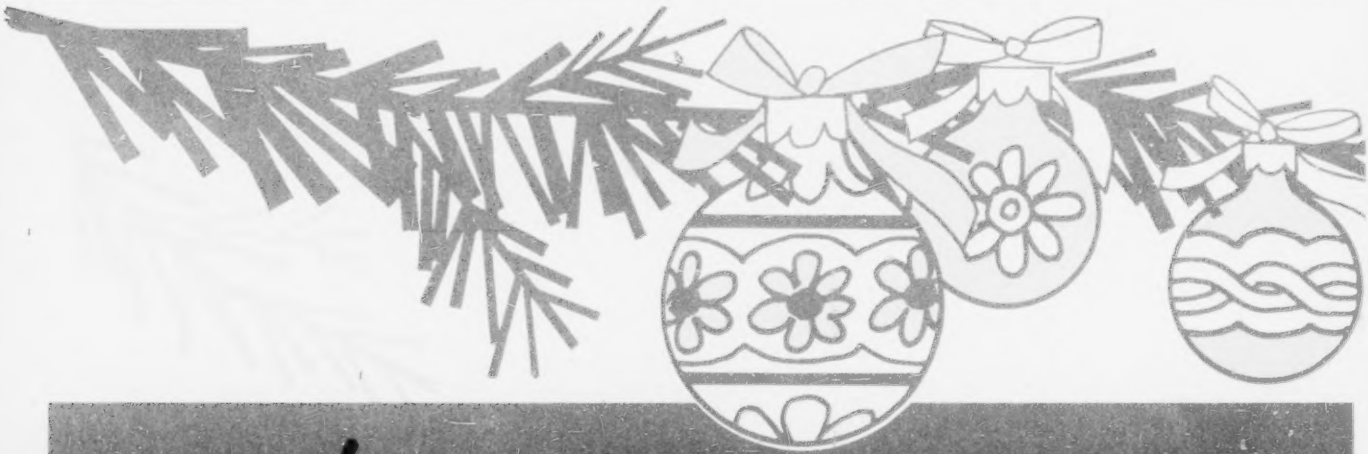
B-5350-2

The Manufacturers Hanover

Financial Digest

Weekly Commentary, Selected Financial Data, and Business Indicators

DECEMBER 23, 1985/DECEMBER 30, 1985 VOLUME XXII, NUMBER 46



Copyright 1985
Manufacturers Hanover
270 Park Avenue, New York, N.Y. 10017

Selected Federal Reserve Data

(Averages of Daily Figures—Billions of Dollars)

	Week Ending 12/18/85	$ Change Since Week Ago	$ Change Since Year Ago
Reserve Bank Credit			
U.S. Gov'ts and Agencies Owned Outright & RPs	186.528	+ 1.433	+19.620
Loans to Depository Inst.	1.001	+ .320	– 2.160
Float	1.163	– .400	– .168
Total Reserve Bank Credit	203.162	+ 1.667	+20.479
Treasury Deposits with Federal Reserve Banks	3.776	+ 1.211	+ .308
Currency in Circulation	194.760	+ .165	+13.348
Gov'ts held for Foreign Acct. by F.R. Banks (End-of-Week)	125.935	+ .274	+ 4.774
	12/18/85		
Member Bank Reserves:			
Total Reserves Held	45.990	+ .754	+ 6.374
Excess (Deficiency)	.797	– .251	+ .271
Net Free Reserves	.480	+ 1.857	+ .411
		% Change Since Three Months Ago*	% Change Since Year Ago
Monetary Aggregates †			
M1 (12/9/85)	623.0	+ 8.1‡	+ 12.0‡
M2 (November '85)	2,547.4	+ 5.3	+ 8.6
M3 (November '85)	3,192.7	+ 6.4	+ 7.9
Domestic Nonfinancial Debt (3rd Q'85)	6,523.1	+ 11.7	+ 13.7

†Seasonally adjusted.

* Seasonally adjusted annual rate.
‡ Four-week moving average.

New York Money Market

Offering Rates 12/20/85	3 Months	6 Months	1 Year
‡U.S. Treasury Bills	7.09%	7.08%	7.07%
* Federal Agencies	7.30	7.25	7.27
* Municipal Notes—High Grade (46% Taxable Equivalent)	11.11	10.65	10.42
Negotiable Time CDs Manufacturers Hanover		Rates By Arrangement	
* Secondary Market—Prime	7.65	7.65	7.70

‡Finance Company Paper—Prime		‡* Bankers' Acceptances	
5- 14 days	7.80%	Jan.	7.80%
15- 29 days	7.83	Feb.	7.65
30- 59 days	7.80	Mar.	7.60
60- 89 days	7.75	Apr.	7.60
90-179 days	7.63	May	7.55
180-239 days	7.50	Jun.	7.45
240-270 days	7.50		

‡Industrial Paper—Prime			
30- 89 days	7.70%	†Federal Funds Effective Rate	7.95%
90-120 days	7.55		

‡Discount basis. * Subject to availability. † Estimated.

Selected Business Indicators

(All Dollar Figures in Billions)

	Latest Period or End of Period		Previous Period	Year Ago Period
Gross National Product (Current Dollars)*	3rd Q'85	$ 4,017r	$ 3,961r	$ 3,812r
Gross National Product (1982 Dollars)*	3rd Q'85	$ 3,584r	$ 3,557r	$ 3,510r
Percent Change, Annual Rate	3rd Q'85	3.0r	1.1r	2.1r
Change in Consumer Prices*	Nov '85n	7.2%	3.6%	2.4%
Change in Producer Prices*	Nov '85	9.6%	10.8%	3.6%
Civilian Employment (Thousands of Persons) †	Nov '85	107,927	107,867	105,932
Unemployment as % of Civilian Labor Force †	Nov '85	7.0%	7.1%	7.1%
Personal Income*	Oct '85	$ 3,221	$ 3,207	$ 3,079
Leading Indicators Composite Index (1967=100)†	Oct '85	171.1	170.6	164.2
Industrial Production Index (1977=100) †	Nov '85	125.1	124.6	123.4
Net Change in Consumer Installment Credit †	Oct '85	$ 6.63	$ 11.53	$ 5.63
U.S. Merchandise Trade Balance †	Oct '85	–$ 11.45	–$ 15.55	–$ 9.65
Plant and Equipment Expenditures*	1st Q'86n	$402.13(a)	$388.90(a) r	$371.16
Private Housing Starts (Thousands of Units)*	Nov '85n	1,547	1,761r	1,600
New Construction Expenditures*	Oct '85	$ 347.8	$ 346.1	$ 318.2
Total Business Inventories †	Oct '85	$ 582.0	$ 578.9	$ 568.8
Total Business Sales †	Oct '85	$ 426.3	$ 429.0	$ 414.2

*Seasonally adjusted annual rate. †Seasonally adjusted. n-Newly reported figure. r-Revised. a-Anticipated.

Short Term Paper Outstanding

(Millions of Dollars)

	Latest Week	Change Since Week Ago	Change Since Year Ago
Time Deposits of $100,000 or more Weekly Reporting Banks			
Nationwide (12/4/85)	156,880	– 819	– 2,418
New York City (12/11/85)	34,018	+ 252	– 236
Commercial Paper (12/11/85)	292,642	– 764	+54,155

Bank Loans

(Millions of Dollars)

Commercial and Industrial Loans

	Latest Week	Change Since Week Ago	Change Since Year Ago
Weekly Reporting Large Commercial Banks			
Nationwide (12/4/85)	256,426	+ 1,440	+ 5,221
New York City (12/11/85)	59,319	– 1,135	– 3,790

Total Loans and Leases Gross Adjusted

	Latest Week	Change Since Week Ago	Change Since Year Ago
Nationwide (12/4/85)	708,982	+ 2,259	+ 56,567
New York City (12/11/85)	156,283	– 2,035	+ 11,799

Financial Markets

	Friday 12/20/85	Change Since Week Ago	Change Since Year Ago
U.S. Governments, Closing Yields:			
90-Day Bills†	7.32%	+ .13	– .68
180-Day Bills†	7.39	+ .08	– 1.06
Longest Bills†	7.51	+ .05	– 1.54
Recent Issues:			
7 7/8s 12/31/87 (When Issued)	7.93	NA	
8 3/8s 12/31/89 (When Issued)	8.34	NA	
9 1/2s 11/15/95	8.99	– .21	
9 7/8s 11/15/15	9.29	– .24	
Municipals:			
Bond Buyer–20 Bond Index* (12/19/85)	8.38%	– .04	– 1.55
Blue List Total ($ Million)	$2,136	–$ 204	+ $ 26
30-Day Visible Supply ($ Million)	$1,388	–$1,742	+ $293
Total	$3,524	–$1,946	+ $319
Corporates:			
Moody's Aa Composite (12/19/85)	10.48%	– .20	– 1.95
30-Day Visible Supply ($ Million)	$ 650	–$ 105	+ $150
Stocks:			
Dow-Jones Averages:			
Industrials	1,543.00	+ 7.79	+ 344.02
Transportation	711.26	– 11.35	+ 160.88
Utilities	174.96	+ 6.16	+ 28.16
65 Stocks	616.35	+ 2.44	+ 132.63
Standard and Poor's 500 Stocks	210.94	+ 1.00	+ 45.43
N.Y.S.E. Composite Index	121.32	+ .49	+ 25.76
N.Y.S.E. Avg. Daily Vol. for Week (000's)	153,646	–11,838	+ 34,950

* 46% Taxable equivalent 15.52%.

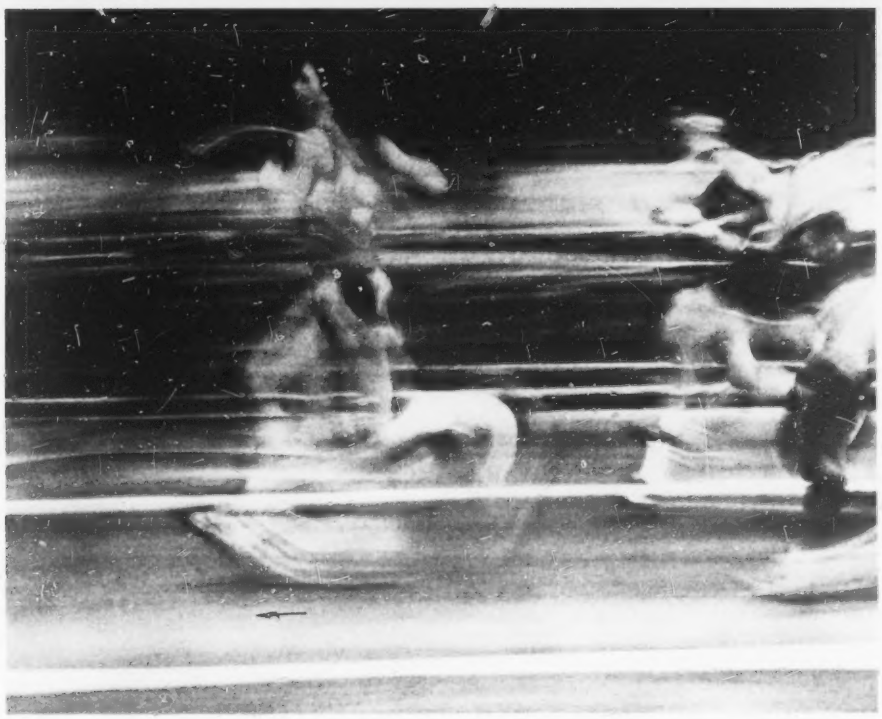
† Bond equivalent.

International Rates

	Friday 12/20/85	Week Ago
EURODOLLAR DEPOSIT RATES (bid)		
Overnight	7.63%	7.81%
1 month	7.94	8.00
3 month	7.94	7.88
6 month	7.88	7.88
1 year	8.00	8.00
EURODOLLAR BONDS Average Yield		
Medium Term (5 to 7 yrs.)	9.00%	9.09%
Long Term (7 to 15 yrs.)	9.60	9.66

FOREIGN EXCHANGE SPOT RATES

New York Opening (12/20/85)	U.S. $ Equivalent	Currency Per U.S. $
Belgium	.01940	51.5500
Canada	.7151	1.3984
Denmark	.1095	9.1320
France	.1295	7.7225
Germany	.3975	2.5160
*Italy	.0005828	1716.00
Japan	.004930	202.85
Mexico	.002195	455.50
Netherlands	.3528	2.8348
Switzerland	.4731	2.1138
U.K.	1.4220	.7032



The faster the pace the more we're determined to stay where we are.

Out Front.

Because business changes and evolves, financial services change and evolve. Faster and faster and faster—all the time.

At Manufacturers Hanover we make change work for you by insisting that one thing stays constant: our commitment to provide the highest quality financial products and services. Whether it's treasury management services for an international corporation, trade financing for an import/export firm, or capital markets expertise for a multinational company, our global network allows us to serve customers anywhere.

In a world where the winners are not just those with power and speed but those who are gifted with vision and sensitivity, we invite you to consider the source—The Financial Source.

MANUFACTURERS HANOVER
The Financial Source® Worldwide

The Manufacturers Hanover
Financial Digest

Bank Window, Church St. Station
New York, New York 10015

First Class Mail
U.S. Postage
PAID
New York, N.Y.
Permit No. 585

C0208000003990 C 939 CONGR0001
SRI ACQUISITIONS
CONGRESSIONAL INFORMATION
SERVICE, INC.
4520 EAST-WEST HWY., SUITE 800
WASHINGTON, DC 20014